

**MANITOBA
DEVELOPMENT
CORPORATION**

**Annual Report
March 2009**



MANITOBA DEVELOPMENT CORPORATION

**Financial Statements
March 31, 2009**

Manitoba 





**MINISTER OF COMPETITIVENESS,
TRAINING AND TRADE**

Winnipeg, Manitoba, CANADA
R3C 0A8

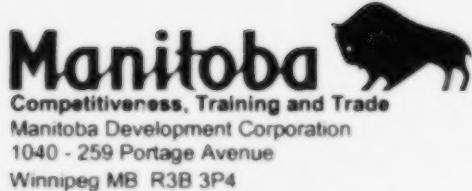
His Honour
The Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
405 Broadway Avenue
Winnipeg MB R3C 0V8

Your Honour:

I am pleased to present the Annual Report for the Manitoba Development Corporation for the fiscal year ending March 31, 2009.

Respectfully submitted,

Nancy Allan
Nancy Allan
Minister



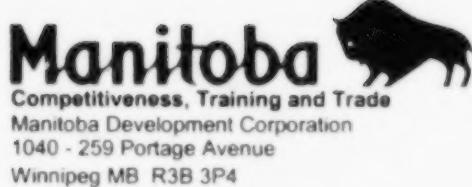
Honourable Nancy Allan
Competitiveness, Training and Trade
Room 358 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Allan:

It is our pleasure to submit the Annual Report of the Manitoba Development Corporation for the fiscal year ended March 31, 2009, as required by Section 44 of the Development Corporation Act.

Respectfully submitted,

Hugh Eliasson
Chairperson



THE MANITOBA DEVELOPMENT CORPORATION MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the generally accepted accounting principles. The statements are examined by BDO Dunwoody LLP, Chartered Accountants, whose opinion is included herein.

To fulfill this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions and that appropriate policies and procedures are established and respected.

BDO Dunwoody LLP have free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting to the Board.



James B. Kilgour, C.A.
General Manager



Kristine Seier, CMA
Secretary-Treasurer



**MANITOBA DEVELOPMENT
CORPORATION**

Financial Statements
For the year ended March 31, 2009

MANITOBA DEVELOPMENT CORPORATION

Financial Statements
For the year ended March 31, 2009

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Auditors' Report

**To the Shareholder of
MANITOBA DEVELOPMENT CORPORATION**

We have audited the balance sheet of **MANITOBA DEVELOPMENT CORPORATION** as at March 31, 2009 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 2, 2009

MANITOBA DEVELOPMENT CORPORATION
Balance Sheet

For the year ended March 31

		2009	2008			
		PNP-B	MDC Part I	MDC Part II	Total	Total
ASSETS						
Current Assets						
Cash	\$ 326,784	\$ 3,419,221	\$ -	\$ 3,746,005	\$ 749,914	
Cash held in trust	-	-	87,711	87,711	558,296	
Short-term investments	14,211,098	1,418,525	-	15,629,623	14,638,293	
Accounts receivable (Note 3)	38,474	1,226	-	39,700	179,130	
	14,576,356	4,838,972	87,711	19,503,039	16,125,633	
Assets Managed for the Province of Manitoba						
Loans receivable (Note 4)	-	-	74,123,948	74,123,948	57,127,380	
Equity Investments (Note 5)	-	-	6,140,981	6,140,981	6,441,931	
Trust Funds (Note 6)	40,018,383	-	-	40,018,383	33,342,643	
	\$ 54,594,739	\$ 4,838,972	\$ 80,352,640	\$ 139,786,351	\$ 113,037,587	
LIABILITIES AND SHAREHOLDER'S EQUITY						
Current Liabilities						
Accounts payable	\$ 2,227,034	\$ 284,323	\$ -	\$ 2,511,357	\$ 942,140	
Funds provided by the Province of Manitoba						
	-	-	80,348,075	80,348,075	64,127,607	
Trust liabilities (Note 6)	40,018,383	-	-	40,018,383	33,342,643	
	42,245,417	284,323	80,348,075	122,877,815	98,412,390	
Commitments (Note 8)						
Shareholder's Equity						
Share capital - authorized and issued 100 shares at \$10 per share	-	1,000	-	1,000	1,000	
Restricted surplus (Note 1)	4,506,078	-	-	4,506,078	3,976,157	
Retained earnings	7,843,244	4,553,649	4,565	12,401,458	10,648,040	
	12,349,322	4,554,649	4,565	16,908,536	14,625,197	
	\$ 54,594,739	\$ 4,838,972	\$ 80,352,640	\$ 139,786,351	\$ 113,037,587	

Approved on behalf of the Board:



Director



Director

MANITOBA DEVELOPMENT CORPORATION
Statement of Operations and Retained Earnings

For the year ended March 31

				2009	2008
	PNP-B	MDC Part I	MDC Part II	Total	Total
Income					
Interest	\$ 1,115,088	\$ 147,523	\$ 2,827,917	\$ 4,090,528	\$ 5,880,217
Deposit Retentions (Note 6)	4,425,269	-	-	4,425,269	2,250,000
Recovery of Program Administration Expenses (Note 7)	20,053	-	-	20,053	588,276
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba					
Provision for doubtful accounts (recovery)	-	-	4,899,382	4,899,382	(1,877,962)
Provision for decline in value of investments	-	-	310,445	310,445	331,689
Pro-rata share of partnership losses	-	-	2,365,210	2,365,210	2,208,522
Foreign currency translation loss (gain)	-	-	(269,360)	(269,360)	-
	5,560,410	147,523	10,133,594	15,841,527	9,380,742
Expenses					
Program administration	1,122,833	88,326	-	1,211,159	1,160,203
Payment of Part II interest on loan receivable to the Province of Manitoba	-	-	2,823,352	2,823,352	3,973,498
Provision for doubtful accounts (recovery)	-	-	4,899,382	4,899,382	(1,877,962)
Provision for decline in value of investments	-	-	310,445	310,445	331,689
Pro-rata share of partnership losses	-	-	2,365,210	2,365,210	2,208,522
Foreign currency translation loss (gain)	-	-	(269,360)	(269,360)	-
	1,122,833	88,326	10,129,029	11,340,188	5,795,949
Transfers to the Department of Labour and Immigration (Note 9)	351,600	-	-	351,600	383,800
Transfers to the Department of Competitiveness, Training and Trade (Note 9)	1,866,400	-	-	1,866,400	194,442
	3,340,833	88,326	10,129,029	13,558,188	6,374,191
Net income and comprehensive income for the year	2,219,577	59,197	4,565	2,283,339	3,006,551
Retained earnings, beginning of year	6,153,588	4,494,452	-	10,648,040	7,554,103
Transfer from (to) Restricted Surplus	(529,921)	-	-	(529,921)	87,386
Retained earnings, end of year	\$ 7,843,244	\$ 4,553,649	\$ 4,565	\$ 12,401,458	\$ 10,648,040

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION
Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Net income for the year	\$ 2,283,339	\$ 3,006,551
Adjustments for		
Foreign currency translation gain	(269,360)	-
Provision for doubtful accounts (recovery)	4,899,382	(1,877,962)
Provision for decline in value of investments	310,445	331,689
Pro-rata share of partnership losses	2,365,210	2,208,522
Provision for Deposit Retentions	(4,425,269)	(2,250,000)
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba	<u>(7,305,677)</u>	<u>(662,249)</u>
	<u>(2,141,930)</u>	<u>756,551</u>
Changes in non-cash working capital balances		
Accounts receivable	139,430	287,156
Accounts payable	<u>1,569,217</u>	<u>337,244</u>
	<u>1,708,647</u>	<u>624,400</u>
Severance pay benefits	-	(102,241)
Net cash flow from operating activities	(433,283)	1,278,710
Cash Flows from Investing Activities		
Loans receivable		
Principal repayments	3,453,697	8,655,718
Loans issued	(25,247,861)	(18,474,996)
Change in accrued interest receivable	(101,786)	81,261
Equity investments		
Investments made	(2,374,705)	(2,360,545)
Provincial Nominee Program for Business Trust Funds	<u>(6,675,740)</u>	<u>(6,601,504)</u>
	<u>(30,946,395)</u>	<u>(18,700,066)</u>
Funds provided by the Province of Manitoba		
Part II	23,795,505	12,373,910
Provincial Nominee Program for Business	<u>11,101,009</u>	<u>8,851,505</u>
Net cash flow from investing activities	3,950,119	2,525,349
Net increase in cash and cash equivalents	3,516,836	3,804,059
Cash and cash equivalents, beginning of year	15,946,503	12,142,444
Cash and cash equivalents, end of year	\$ 19,463,339	\$ 15,946,503
Represented by:		
Cash	\$ 3,746,005	\$ 749,914
Short-term investments	15,629,623	14,638,293
Cash held in trust	87,711	558,296
	\$ 19,463,339	\$ 15,946,503

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION

Summary of Significant Accounting Policies

March 31, 2009

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates. The significant accounting policies used in these financial statements are as follows:

Loans Receivable Under Part II Loans are carried at the unpaid principal plus accrued interest, less allowance for doubtful loans. Loans considered uncollectible are written-off.

Interest on loans is recorded as income on an accrual basis except for loans considered impaired. When a loan becomes impaired, recognition of interest ceases when the carrying amount of the loan (including accrued interest) exceeds the estimated realizable amount. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

The allowance for doubtful loans is maintained at a level considered adequate to absorb credit losses existing in the portfolio. Specific allowances reduce the carrying value of loans identified as impaired to their net realizable amounts. In addition to specific allowances against identified impaired loans, the corporation maintains a non-specific allowance to cover impairment which is inherent in the loan portfolio which is consistent with industry practice.

Equity Investments Under Part II The Corporation's equity in investments related to share capital investments are recorded at cost. The Corporation's investments in the Vision Capital Fund, CentreStone Vision Fund, Manitoba Capital Fund, Manitoba Science and Technology Fund, Renaissance Capital Fund, Western Life Sciences Venture Fund LLP and the Canterbury Park Capital Limited Partnership Fund are accounted for using the equity method of accounting. These investments were originally recorded at cost and the carrying value is adjusted thereafter to include the Corporation's pro-rata share of post acquisition earnings. Such adjustments are correspondingly reflected in the balance sheet caption "Funds provided by the Province of Manitoba under Part II."

An allowance for Equity Investments is maintained at a level considered adequate to absorb the investment risk in the portfolio. Specific allowances reduce the carrying value of individual fund investments to their net realizable amounts at year end.

MANITOBA DEVELOPMENT CORPORATION

Summary of Significant Accounting Policies

March 31, 2009

Financial Instruments

The Corporation utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying value because of their short-term maturity of these instruments. The fair value of long-term investments is estimated based on current rates assumed for similar government guaranteed debt of the same maturity.

All transactions related to financial instruments are recorded on a trade date basis.

The Corporation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Corporation's accounting policy for each category is as follows:

Held-for-trading - This category is comprised of cash, cash held in trust and short-term investments. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services (accounts receivable), but also incorporate other types of contractual monetary assets (loans receivable). They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-to-maturity Investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity and comprises certain investments in debt securities held as Trust Funds. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Fair values are determined directly by reference to published price quotations in an active market.

MANITOBA DEVELOPMENT CORPORATION

Summary of Significant Accounting Policies

March 31, 2009

Financial Instruments

(continued)

Available for Sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprises of all equity investments held by the Corporation. Given that the shares in all equity investments do not have a quoted market price in an active market, they are carried at cost. Transaction costs related to available-for-sale investments are expensed as incurred.

Other Financial Liabilities - Other financial liabilities include all financial liabilities other than those classified as held-for-trading and comprises trade accounts payable, Funds provided by the Province of Manitoba and trust liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

The financial risk is the risk to the Corporation's Part I earnings that arise from fluctuations in interest rates and degree of volatility of these rates. Because Part II activities are directed by the Province of Manitoba, any exposure for these financial assets and liabilities to interest rate fluctuations or changes to their fair value would be borne by the Province. Credit risk relating to the realization of assets managed for the Province of Manitoba under Part II is borne by the Province.

All financial instruments are denominated in Canadian dollars.

The Corporation does not participate in derivative financial instrument trading.

Other comprehensive income includes, in particular, unrealized gains and losses on available for sale financial assets and the change in the effective portion of a cash flow hedge transaction. The Corporation had no other comprehensive income items for the year. Because the Corporation has no items related to other comprehensive income, comprehensive income is equivalent to net income.

Operating Losses

Losses under Part I and under Part II of the Corporation are the responsibility of the Province and are charged directly against advances received from the Province.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes cash and term deposits with the Province of Manitoba with maturities of up to three months.

MANITOBA DEVELOPMENT CORPORATION

Summary of Significant Accounting Policies

March 31, 2009

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the corporation at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

Program Administration and Recoveries

Program administration expenses are recognized in the same period that they are incurred. Recovery of Program Administration Expenses revenue is recognized in the same period as the corresponding expense is incurred.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Corporation, are as follows:

Financial Statement Concepts - CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008.

Financial Instruments - Disclosure and Presentation - In September, 2008 the CICA deferred indefinitely the requirement of certain enterprises, including the Corporation to implement new standards dealing the certain financial instrument, disclosures and presentation. The Corporation has elected to defer application of these standards.

The Corporation is currently evaluating the impact of changing its basis of accounting from the standards of the Accounting Standards Board of the CICA to those of the Public Sector Accounting Board.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

1. Nature of Operations and Economic Dependence

The Manitoba Development Corporation (the Corporation) provides loans and guarantees under Part I and Part II of the Development Corporation Act. The activities under Part I and Part II are accounted for separately. Part I activities are undertaken at the initiative of the Corporation, while Part II activities are at the direction of the Province of Manitoba.

The Corporation's lending operations under Part I were suspended effective November 15, 1977 except at the direction of the Province of Manitoba. The Corporation's lending and investment operations under Part II continue under the direction of the Province of Manitoba. The Province provides all financing for these initiatives and ultimately bears all costs, including any exposure for these financial assets to interest rate fluctuations, changes to their fair value or credit risk relating to the realization of these assets.

On March 15, 2005, the Province of Manitoba authorized the transfer of financial administration of the Provincial Nominee Program for Business from the Manitoba Trade and Investment Corporation (MTIC) to the Corporation effective April 1, 2005. The Manitoba Provincial Nominee Program for Business allows Manitoba to recruit, select, and nominate qualified business people from around the world who have the intent and ability to move to Manitoba and establish or purchase a business.

The Corporation considers its capital to comprise its shareholder's equity (including share capital, restricted surplus and retained earnings). There have been no changes to what the Corporation considers to be its capital since the previous period.

As a government enterprise, the Corporation's operations are reliant on revenues generated annually. The Corporation has accumulated retained earnings over its history, which are included in retained earnings in the statement of financial position. A portion of these accumulated funds is retained as working capital (current assets less current liabilities) which may be required from time to time due to timing delays in receiving its primary funding.

The Province of Manitoba has directed that the balance of restricted retained earnings for the year to be equal to three years operating expenses of the Business Immigration and Investment Branch (based on the most recent years actual expenses) plus 25% of the previous year's PNP-B forfeitures as a reserve which would not be available for annual distribution to the Province. Any excess beyond that amount, once it has been released by the Province would then be transferred to unrestricted retained earnings. For the year ended March 31, 2009, the Corporation has complied with these restrictions.

2. Change in Accounting Policy

Capital disclosures

On April 1, 2008 the Corporation adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (See Note 1).

MANITOBA DEVELOPMENT CORPORATION
Notes to Financial Statements

March 31, 2009

3. Accounts Receivable

	2009	2008
Other	\$ 3,311	\$ 86,013
Accrued Interest	<u>36,389</u>	<u>93,117</u>
	\$ 39,700	\$ 179,130

4. Loans Receivable Managed for the Province of Manitoba Under Part II

	2009	2008
Business Support		
Manitoba Industrial Opportunities Program		
- Repayable	<u>\$ 77,218,544</u>	<u>\$ 55,652,594</u>
Other Loans Receivable		
International Education Incentive Loan	130,000	50,000
Other	<u>11,100,000</u>	<u>11,100,000</u>
	<u>11,230,000</u>	<u>11,150,000</u>
Allowance for doubtful accounts	<u>88,448,544</u>	<u>66,802,594</u>
	<u>(14,324,596)</u>	<u>(9,675,214)</u>
	\$ 74,123,948	\$ 57,127,380

The Manitoba Industrial Opportunities Program provides flexible repayable financing to encourage companies to expand or locate in Manitoba. Loan principal is due as follows:

	2009	2008
2009	\$ -	\$ 3,818,578
2010	3,018,646	8,006,916
2011	14,555,356	13,625,884
2012	19,859,817	14,242,146
2013	8,860,514	2,620,335
Subsequent to 2013	-	13,140,841
2014	6,936,327	-
Subsequent to 2014	23,688,204	-
Accrued interest	<u>299,680</u>	<u>197,894</u>
Allowance	<u>77,218,544</u>	<u>55,652,594</u>
	<u>(14,324,596)</u>	<u>(9,675,214)</u>
	\$ 62,893,948	\$ 45,977,380

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

4. Loans Receivable Managed for the Province of Manitoba Under Part II (Continued)

Interest rates charged for Manitoba Industrial Opportunities loans are fixed in reference to the Corporation's cost of borrowing from the Province of Manitoba at the time of the first disbursement of the loan proceeds to the debtor. In some cases, per the terms of individual loan agreements, interest rates may be adjusted during the term of the loan based on the Corporation's cost of borrowing from the Province of Manitoba at a date(s) specified in the loan agreement. In certain cases, the Corporation charges interest rates which are less than its cost of borrowing to encourage investment and job creation in Manitoba. In other cases, the Corporation charges rates in excess of its cost of borrowing to reflect risk conditions. Interest rates charged on loans are as follows:

	2009	2008
Nil	\$ 2,103,899	\$ 2,104,255
Greater than Nil, less than 5%	27,248,661	24,562,006
5% or greater, less than 6%	27,517,761	15,996,077
6% or greater, less than 7%	4,791,667	4,967,708
7% or greater, less than 8%	2,000,000	3,466,667
8% or greater, less than 9%	12,530,256	3,308,425
9% or greater, less than 10%	726,620	1,049,562
Accrued interest	<u>299,680</u>	<u>197,894</u>
Allowance	<u>77,218,544</u> <u>(14,324,596)</u>	<u>55,652,594</u> <u>(9,675,214)</u>
	<u><u>\$ 62,893,948</u></u>	<u><u>\$ 45,977,380</u></u>

When possible, the Corporation obtains various forms of security on the Manitoba Industrial Opportunities loans with priority ranking subject to any prior existing charges.

MANITOBA DEVELOPMENT CORPORATION
Notes to Financial Statements

March 31, 2009

5. Equity Investments Managed for the Province of Manitoba Under Part II

	2009	2008
Share capital investments		
Inspyre Solutions Inc. (formerly Faneuil ISG Inc.)	\$ 1	\$ 1
Less: Allowance for forgiveness of shares	<u>1</u>	<u>1</u>
	-	-
 Limited Partnership Investments		
Canterbury Park Capital Fund LLP	3,630,881	1,863,850
CentreStone Vision Fund	2,415,672	1,842,397
Manitoba Capital Fund	4,363,200	4,363,200
Manitoba Science and Technology Fund	1,780,103	1,745,703
Renaissance Capital Fund	3,000,000	3,000,000
Western Life Sciences Venture Fund LLP	5,800,000	5,800,000
Vision Capital Fund	<u>1</u>	<u>1</u>
	<u>20,989,857</u>	<u>18,615,151</u>
 Less:		
Allowance for decline in value of investments	(10,179,575)	(9,869,129)
Pro-rata share of partnership losses	<u>(4,669,301)</u>	<u>(2,304,091)</u>
	<u>(14,848,876)</u>	<u>(12,173,220)</u>
	\$ 6,140,981	\$ 6,441,931

The investment in preference shares of Inspyre Solutions Inc. (formerly Faneuil ISG Inc.) has been recorded in the books of the Corporation at a nominal value of \$1. Any funds received upon redemption of the preference shares will accordingly result in the recognition of an equal amount of income at that time.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

6. Trust Funds / Liabilities - Provincial Nominee Program for Business

	2009	2008
Gross Trust Liabilities	<u>\$ 40,018,383</u>	<u>\$ 33,342,643</u>

The Corporation, Manitoba Competitiveness, Training and Trade and Labour and Immigration operate a program known as the Provincial Nominee Program for Business, which offers individuals who wish to immigrate to the Province of Manitoba to establish and operate a business the opportunity to obtain a nominee certificate. During the 2003 fiscal year, the Corporation first entered into agreements with qualified immigrants whereby the immigrants committed to invest specified amounts to establish approved businesses in Manitoba within specified periods of time. As evidence of their commitments, the immigrants are required to deposit \$75,000 with the Corporation. These deposits are held in trust by the Corporation and are refundable to the immigrants based on the satisfaction of the conditions set out in the agreements. The final decision as to admission to Canada for permanent residence is made by the Government of Canada. In the event that the nominees are not granted permanent residency visas by the Government of Canada, the Corporation also refunds the deposits. The Corporation invests the deposits, retains all interest income earned on the deposits and, should immigrants fail to satisfy the conditions of the agreements, the Corporation also has the right, under the agreements, to retain the deposits.

At March 31, 2009, deposits held in trust under the Provincial Nominee Program for Business and invested with the Province of Manitoba totaled \$40,018,383 (2008 - \$33,342,643). Interest earned on these deposits during the year and retained by the Corporation totaled \$1,115,088 (2008 - \$1,627,148). Actual deposits retained during the year amounted to \$4,425,269 (2008 - \$2,250,000) and are presented net of an allowance adjustment of \$100,000 (2008 - \$100,000).

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

7. Recovery of Program Administration Expenses and Related Party Transactions

The Corporation receives recoveries for certain Program Administration Expenses, paid for by the Provincial Nominee Program for Business, from the following three sources.

	2009	2008
Departmental appropriations - Competitiveness, Training and Trade	\$ -	\$ 217,502
Manitoba Opportunities Fund Ltd.	- -	350,604
Participants Program	20,053	20,170
	\$ 20,053	\$ 588,276

The Manitoba Opportunities Fund Ltd. also provided a recovery of \$Nil (2008 - \$83,186) to cover salary and occupancy costs related to a Corporation employee who worked exclusively on Manitoba Opportunities Fund Ltd. matters (this recovery has been netted against Program Administration Expenses). The Manitoba Opportunities Fund Ltd. operates under the control of a common Board of Directors.

In 2008 a program recovery of \$350,604 was received from the Manitoba Opportunities Fund Ltd. for the expenses associated with the Business Settlement Office. In the current year, Treasury Board authorized the transfer of the Business Settlement Office expenses to the Corporation - PNP-B Program Administration.

8. Commitments

Commitments and undisbursed balances of approved loans and equity investments under Part II:

	2009	2008
Manitoba Industrial Opportunities Program	\$ 26,162,759	\$ 4,748,797
Manitoba Science & Technology Fund	719,897	754,297
Canterbury Park Capital	6,369,119	8,136,150
CentreStone Venture Fund Limited	2,374,374	2,947,650
Manitoba Capital Fund	353,334	353,334
	\$ 35,979,483	\$ 16,940,228

9. Growing Through Immigration Strategy Support

Funds transferred to support the Growing Through Immigration Strategy are made up of the following, as approved by the Treasury Board:

	2009	2008
Department of Labour and Immigration	\$ 351,600	\$ 383,800
Department of Competitiveness, Training and Trade	1,866,400	194,442
	\$ 2,218,000	\$ 578,242

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

10. Financial Instruments

The carrying amounts of PNP-B and Part I financial assets and liabilities are a reasonable estimate of the fair value because of the short-term maturity of those instruments. The carrying amount of Part II financial assets and liabilities approximate their fair value. In the absence of readily ascertainable market values, management has estimated that fair value would not differ materially from carrying value. Factors considered in this determination include underlying collateral, market conditions, financial data and projections of the borrowers. Because of the inherent uncertainty of valuation, the estimate of fair value may differ significantly from the values that would have been used had a ready market for the assets existed.



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Auditors' Comments on Supplementary Financial Information

**To the Board of Directors of
MANITOBA DEVELOPMENT CORPORATION**

We have audited the financial statements of the Corporation as at March 31, 2009 and reported thereon dated June 2, 2009. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 2, 2009

MANITOBA DEVELOPMENT CORPORATION

Report of Assistance Granted or to be Granted

For the year ended March 31, 2009

Under Part II of the Development Corporation Act, the following new assistance was authorized in the current fiscal year:

Manitoba Industrial Opportunities Program

Recipient	Term	Amount
CP Loewen Enterprises Ltd.	7 year repayable term loan	\$ 10,000,000
5388946 Manitoba Ltd.	32 year repayable term loan	20,000,000
5808970 Manitoba Ltd.	5 year repayable term loan	4,000,000
Palliser Furniture Ltd.	3 year loan guarantee	3,000,000
Hytek Ltd.	12 year repayable term loan	10,000,000

